

**APPLICATION FOR PERMIT TO:**

**Drill**       Deepen       Re-enter       Recomplete and Operate

TYPE OF WELL    OIL <input type="checkbox"/> GAS <input type="checkbox"/> COALBED <input checked="" type="checkbox"/> OTHER _____ ZONE TYPE       SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONES <input type="checkbox"/> COMMINGLE ZONES <input type="checkbox"/>	Refiling <input checked="" type="checkbox"/> Sidetrack <input type="checkbox"/>
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Date Received: 09/14/2016

Well Name: DGU Federal 1289      Well Number: 18-43 CS2  
 Name of Operator: GUNNISON ENERGY LLC      COGCC Operator Number: 10515  
 Address: 1801 BROADWAY #1200  
 City: DENVER      State: CO      Zip: 80202  
 Contact Name: Heather Lang      Phone: (303)296-4222      Fax: (303)296-4555  
 Email: heather.lang@oxbow.com

**RECLAMATION FINANCIAL ASSURANCE**  
 Plugging and Abandonment Bond Surety ID: 20140052

**WELL LOCATION INFORMATION**  
 QtrQtr: NESE      Sec: 18      Twp: 12S      Rng: 89W      Meridian: 6  
 Latitude: 39.011439      Longitude: -107.370344  
 Footage at Surface: 1597 Feet      FNL/FSL FSL 442 Feet      FEL/FWL FEL  
 Field Name: WILDCAT      Field Number: 99999  
 Ground Elevation: 7301      County: GUNNISON  
 GPS Data:  
 Date of Measurement: 09/24/2013    PDOP Reading: 1.5    Instrument Operator's Name: Robert Kay  
 If well is  Directional     Horizontal (highly deviated)    **submit deviated drilling plan.**  
 Footage at Top of Prod Zone:    FNL/FSL      FEL/FWL      Bottom Hole:    FNL/FSL      FEL/FWL  
    1472    FNL    1800    FEL      1472    FNL    1800    FEL  
    Sec: 19    Twp: 12S    Rng: 89W      Sec: 19    Twp: 12S    Rng: 89W

**LOCATION SURFACE & MINERALS & RIGHT TO CONSTRUCT**  
 Surface Ownership:  Fee     State     Federal     Indian  
 The Surface Owner is:     is the mineral owner beneath the location.  
 (check all that apply)     is committed to an Oil and Gas Lease.  
     has signed the Oil and Gas Lease.  
     is the applicant.  
 The Mineral Owner beneath this Oil and Gas Location is:     Fee     State     Federal     Indian  
 The Minerals beneath this Oil and Gas Location will be developed by this Well: Yes  
 The right to construct the Oil and Gas Location is granted by: Surface Use Agreement  
 Surface damage assurance if no agreement is in place: \_\_\_\_\_      Surface Surety ID: \_\_\_\_\_

**LEASE INFORMATION**

Using standard QtrQtr, Sec, Twp, Rng format, describe one entire mineral lease that will be produced by this well (Describe lease beneath surface location if produced. Attach separate description page or map if necessary.)

See Lease Map

Total Acres in Described Lease: 1076 Described Mineral Lease is:  Fee  State  Federal  Indian

Federal or State Lease # COC65108

Distance from Completed Portion of Wellbore to Nearest Lease Line of described lease: 0 Feet

**CULTURAL DISTANCE INFORMATION**

Distance to nearest:

Building: 3510 Feet

Building Unit: 4703 Feet

High Occupancy Building Unit: 5280 Feet

Designated Outside Activity Area: 5280 Feet

Public Road: 2495 Feet

Above Ground Utility: 5280 Feet

Railroad: 5280 Feet

Property Line: 1758 Feet

**INSTRUCTIONS:**

- All measurements shall be provided from center of the Proposed Well to nearest of each cultural feature as described in Rule 303.a.(5).

- Enter 5280 for distance greater than 1 mile.

- Building - nearest building of any type. If nearest Building is a Building Unit, enter same distance for both.

- Building Unit, High Occupancy Building Unit, and Designated Outside Activity Area - as defined in 100-Series Rules.

**DESIGNATED SETBACK LOCATION INFORMATION**

Check all that apply. This location is within a:  Buffer Zone  
 Exception Zone  
 Urban Mitigation Area

- Buffer Zone – as described in Rule 604.a.(2), within 1,000' of a Building Unit

- Exception Zone - as described in Rule 604.a.(1), within 500' of a Building Unit.

- Urban Mitigation Area - as defined in 100-Series Rules.

Pre-application Notifications (required if location is within 1,000 feet of a building unit):

Date of Rule 305.a.(1) Urban Mitigation Area Notification to Local Government: \_\_\_\_\_

Date of Rule 305.a.(2) Buffer Zone Notification to Building Unit Owners: \_\_\_\_\_

**SPACING and UNIT INFORMATION**

Distance from completed portion of proposed wellbore to nearest completed portion of offset wellbore permitted or completed in the same formation: 2453 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary 5180 Feet (Enter 5280 for distance greater than 1 mile.)

Federal or State Unit Name (if appl): Deadman Gulch Unit Number: COC74489X

**SPACING & FORMATIONS COMMENTS**

\_\_\_\_\_

**OBJECTIVE FORMATIONS**

Objective Formation(s)	Formation Code	Spacing Order Number(s)	Unit Acreage Assigned to Well	Unit Configuration (N/2, SE/4, etc.)
WILLIAMS FORK-CAMEO COAL	WFCMC			

## DRILLING PROGRAM

Proposed Total Measured Depth: 4969 Feet

Distance from the proposed wellbore to nearest existing or proposed wellbore belonging to another operator, including plugged wells:

Enter distance if less than or equal to 1,500 feet: \_\_\_\_\_ Feet  No well belonging to another operator within 1,500 feet

Will a closed-loop drilling system be used? Yes

Is H<sub>2</sub>S gas reasonably expected to be encountered during drilling operations at concentrations greater than or equal to 100 ppm? No (If Yes, attach an H<sub>2</sub>S Drilling Operations Plan)

Will salt sections be encountered during drilling? No

Will salt based (>15,000 ppm Cl) drilling fluids be used? No

Will oil based drilling fluids be used? No

BOP Equipment Type:  Annular Preventor  Double Ram  Rotating Head  None

## GROUNDWATER BASELINE SAMPLING AND MONITORING AND WATER WELL SAMPLING

Water well sampling required per Rule 608

## DRILLING WASTE MANAGEMENT PROGRAM

Drilling Fluids Disposal: OFFSITE Drilling Fluids Disposal Methods: Commercial Disposal

Cuttings Disposal: OFFSITE Cuttings Disposal Method: Commercial Disposal

Other Disposal Description:

Beneficial reuse or land application plan submitted? \_\_\_\_\_

Reuse Facility ID: \_\_\_\_\_ or Document Number: \_\_\_\_\_

## CASING PROGRAM

Casing Type	Size of Hole	Size of Casing	Wt/Ft	Csg/Liner Top	Setting Depth	Sacks Cmt	Cmt Btm	Cmt Top
CONDUCTOR	24+0/0	16+0/0	42.1	0	120	200	120	0
SURF	12+1/4	9+5/8	36	0	1000	204	1000	0
1ST	8+3/4	7+0/0	23	0	4969	420	4969	0

Conductor Casing is NOT planned

## DESIGNATED SETBACK LOCATION EXCEPTIONS

Check all that apply:

- Rule 604.a.(1)A. Exception Zone (within 500' of Building Unit)
- Rule 604.b.(1)A. Exception Location (existing or approved Oil & Gas Location now within a Designated Setback as a result of Rule 604.a.)
- Rule 604.b.(1)B. Exception Location (existing or approved Oil & Gas Location is within a Designated Setback due to Building Unit construction after Location approval)
- Rule 604.b.(2) Exception Location (SUA or site-specific development plan executed on or before August 1, 2013)
- Rule 604.b.(3) Exception Location (Building Units constructed after August 1, 2013 within setback per an SUA or site-specific development plan)

## GREATER WATTENBERG AREA LOCATION EXCEPTIONS

Check all that apply:

- Rule 318A.a. Exception Location (GWA Windows).
- Rule 318A.c. Exception Location (GWA Twinning).

## RULE 502.b VARIANCE REQUEST

Rule 502.b. Variance Request from COGCC Rule or Spacing Order Number \_\_\_\_\_

### OTHER LOCATION EXCEPTIONS

Check all that apply:

Rule 318.c. Exception Location from Rule or Spacing Order Number \_\_\_\_\_

Rule 603.a.(2) Exception Location (Property Line Setback).

ALL exceptions and variances require attached Request Letter(s). Refer to applicable rule for additional required attachments (e.g. waivers, certifications, SUAs).

### OPERATOR COMMENTS AND SUBMITTAL

Comments

This application is in a Comprehensive Drilling Plan \_\_\_\_\_ CDP #: 2028

Location ID: 324485

Is this application being submitted with an Oil and Gas Location Assessment application? No

I hereby certify all statements made in this form are, to the best of my knowledge, true, correct, and complete.

Signed: \_\_\_\_\_ Print Name: Heather Lang

Title: Office Manager Date: 9/14/2016 Email: heather.lang@oxbow.com

Operator must have a valid water right or permit allowing for industrial use or purchased water from a seller that has a valid water right or permit allowing for industrial use, otherwise an application for a change in type of use is required under Colorado law. Operator must also use the water in the location set forth in the water right decree or well permit, otherwise an application for a change in place of use is required under Colorado law. Section 37-92-103(5), C.R.S. (2011).

Based on the information provided herein, this Application for Permit-to-Drill complies with COGCC Rules and applicable orders and is hereby approved.

COGCC Approved:  Director of COGCC Date: 11/30/2016

Expiration Date: 11/29/2018

**API NUMBER**

05 051 06126 00

### Conditions Of Approval

All representations, stipulations and conditions of approval stated in the Form 2A for this location shall constitute representations, stipulations and conditions of approval for this Form 2 Permit-to-Drill and are enforceable to the same extent as all other representations, stipulations and conditions of approval stated in this Permit-to-Drill.

#### COA Type

#### Description

	If conductors are preset, operator shall comply with Notice to Operators: Procedures for Preset Conductors (dated September 1, 2016, revised October 6, 2016).
	1) Operator shall comply with the most current revision of the Northwest Notification Policy. 2) Operator shall provide cement coverage from the production casing shoe (7" First String) to a minimum of 200' above the surface casing shoe to provide isolation of all Cretaceous (Ohio Creek and Mesaverde) and Tertiary (Wasatch) oil, gas, and water-bearing sandstone and coalbed formations that are not otherwise covered by surface casing. Verify production casing cement coverage with a cement bond log.

## Best Management Practices

<u>No</u>	<u>BMP/COA Type</u>	<u>Description</u>
1	Drilling/Completion Operations	One of the first wells drilled on the pad, will be logged with open-hole Resistivity Log and Gamma Ray Log from TD into the surface casing. All wells on the pad will have a cement bond log with gamma-ray run on production casing (or on intermediate casing if production liner is run) into the surface casing. The Form 5, Completion Report, for each well on the pad will list all logs run and have those logs attached. The Form 5 for a well without open-hoe logs shall clearly state "No open-hole logs were run" and shall clearly identify the well (by API#, well name and number) in which open-hole logs were run.

Total: 1 comment(s)

## Applicable Policies and Notices to Operators

Policy
NW Colorado Notification Policy. <a href="http://cogcc.state.co.us/documents/reg/Policies/nw_notification_procedures.pdf">http://cogcc.state.co.us/documents/reg/Policies/nw_notification_procedures.pdf</a>
Notice Concerning Operating Requirements for Wildlife Protection. <a href="http://cogcc.state.co.us/documents/reg/Policies/Wildlife_Notice.pdf">http://cogcc.state.co.us/documents/reg/Policies/Wildlife_Notice.pdf</a>

## Attachment Check List

<u>Att Doc Num</u>	<u>Name</u>
401108981	FORM 2 SUBMITTED

Total Attach: 1 Files

## General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Corrected BMP for logging as directed by operator. Final review complete.	11/29/2016
Permit	Corrected the distance to the nearest lease line form 1474' to 0' because the wellbore crosses federal leases within the unit. Operator approved correction.	10/28/2016
Engineer	Offset water well check: COGCC evaluated offset water wells within one mile of this proposed well's surface hole location. This information was used in addition to locally-available geophysical logs and hydrogeologic information was used to evaluate the adequacy of the operator's proposed surface casing setting depth. The deepest domestic use water well within one mile is 460 feet. The deepest registered water well within one mile is 3,700 feet and is a COGCC gas well.  Offset Well Evaluation: Existing offset oil and gas wells within 1,500 feet of this wellbore meet standards. No mitigation required.  Changed surface casing size to 9 5/8" per operator.	09/29/2016
Permit	Passes completeness.	09/21/2016

Total: 4 comment(s)